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EXPLANATORY NOTES

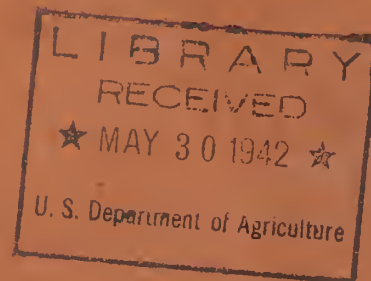
FOR

DEPARTMENT OF AGRICULTURE

BUDGET ESTIMATES

FISCAL YEAR

1942



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FARM CREDIT ADMINISTRATION
FEDERAL FARM MORTGAGE CORPORATION

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FARM CREDIT ADMINISTRATION

Budget Estimates for the

Fiscal Year 1942

and

Selected Data on the Operations

of the Agricultural Lending

Programs of the

Farm Credit Administration

319011

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FARM CREDIT ADMINISTRATION

JUSTIFICATION OF ESTIMATE FOR 1942

Change in Language

The language of the appropriation has been amended in the following respects:

1. By the deletion of the phrase "procurement of supplies and services without regard to section 3709 of the Revised Statutes (41 U.S.C. 5) when the aggregate amount involved does not exceed \$50;"

This language was taken out as being unnecessary in view of the fact that the same provision is now contained in the Act of October 10, 1940 (Public No. 842).

2. The insertion of the language "in the District of Columbia and elsewhere," immediately following the phrase "purchase, exchange, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles and motortrucks to be used only for official purposes;"

This addition to the language is made for the purpose of removing any possible questions which might arise as to the authority of the Farm Credit Administration to operate motor vehicles within the District of Columbia. The question arises only in view of the fact that the Farm Credit Administration is no longer an independent establishment but is now a part of the Department of Agriculture. This will permit the Farm Credit Administration to proceed as in the past in the use and operation of automobiles.

3. The deletion of the language beginning with "the Acts of March 3, 1921, and continuing through and including Executive Order Numbered 7305, dated February 28, 1936"; and substituting in lieu thereof "said act and similar acts administered by the Farm Credit Administration relating to loans for crop production, feed, seed, and harvesting."

This amendment to the language is made solely to avoid repetition of the numerous acts relating to crop production, feed, seed, and harvesting loans, and to substitute language in lieu thereof to accomplish the same purpose.

4. The insertion of "PROVIDED FURTHER, That officers and employees who under proper authorization use privately-owned automobiles in the performance of official travel within the corporate limits of their official stations for the purpose of examining, supervising, or servicing Federal credit unions located within said corporate limits, may be reimbursed for such travel at a rate not to exceed 3 cents per mile" immediately following the phrase "Provided, That the expenses and salaries of employees engaged in such examinations shall be assessed against the said corporations, banks, or institutions in accordance with the provisions of existing laws."

This proviso is similar to the one contained in the Labor-Federal Security Appropriation Act, 1941, approved June 26, 1940.

It is the duty of the employees covered by this provision to visit as many credit unions as possible each day, and to accomplish this to the greatest advantage their official stations are fixed at cities in which the largest number of credit unions is located. This travel within official stations cannot be performed satisfactorily by the use of local means of transportation, as it is necessary for these employees to carry equipment and records with them, such as typewriters, adding machines, samples of records, and the files of the several credit unions they are to visit. Also, credit unions to be visited frequently are not easily reached by local means of transportation. Under existing law and the Standardized Government Travel Regulations, these employees may be allowed the actual cost of travel in privately-owned automobiles, but because no long trips are involved, and the privately-owned automobiles are necessarily used on personal business after the completion of official duties, the quantity of gasoline and oil consumed on official business on a tax-free basis is not only extremely difficult to calculate but requires considerable time on the part of the traveler, as well as auditors in the Farm Credit Administration and the General Accounting Office, who audit the travel vouchers. It is believed that the enactment of this proviso would be a distinct advantage to the United States and would greatly simplify the calculation of the amounts payable for official travel of this kind, the purpose being to pay, on this simple and direct basis, approximately the same amounts that would be due if the former complicated and indirect basis were to be continued.



Salaries and Expenses

	Appropriation Act, 1941	Estimate 1942	Increase(+) or Decrease(-)
Appropriation	\$3,765,710 a/	\$3,810,000	+ \$44,290 (1)
Reappropriation	3,900,000 b/	3,660,000	-- 240,000 (2)
Funds from Other Sources	1,761,256	1,569,341	-- 191,915 (3)
Total	\$9,426,966	\$9,039,341	-\$387,625

a/ Includes \$50,000 transferred to "Salaries and Expenses, Bureau of Agricultural Economics," and \$14,340 "Salaries, Office of the Secretary," and excludes \$4,290 transferred to "United States Official Mail and Messenger Service, Post Office Department, (General Fund)," pursuant to the provisions of the Reorganization Act of 1939, and Reorganization Plan No. IV.

b/ Includes \$50,000 transferred to "Salaries and Expenses, Bureau of Agricultural Economics."

Increases and Decreases

- (1) The requested increase of \$44,290 in appropriated funds for 1942 is a net figure determined as follows:

Increases

- (a) The Fourth Deficiency Act of June 16, 1933 made available until expended \$2,000,000 for expenses incident to the organization, administration, and supervision of production credit corporations and associations. This fund will be exhausted early in 1942, necessitating the appropriation of additional funds to continue the administration of the program \$104,680

(b)	To conduct economic research, extend advisory services and develop educational programs for the purpose of furthering the cooperative marketing of fruits and vegetables and improving the facilities, services, and procedures of existing farmers' cooperatives marketing these products.....	\$25,000
(c)	Total increases	<u>\$129,680</u>

Decreases

(d)	Transferred to the Bureau of Agricultural Economics in 1941 for which no provision is made in 1942	\$50,000
(e)	Transferred to the "Office of the Secretary" for the office of personnel, in 1941, for which no provision is made in 1942	14,340
(f)	Decrease in supervisory costs of the credit programs, exclusive of crop loans	<u>21,050</u>
(g)	Total decreases	<u>\$85,390</u>
	Net increase (Item (c) minus item (g))	<u>\$44,290</u>

(2) The decrease reflected in reappropriated funds for 1942 represents:

(a)	The amount transferred to the Bureau of Agricultural Economics in 1941 for which no provision is made in 1942	\$50,000
(b)	Decrease in costs incident to the administration of the emergency crop and feed loan program	<u>190,000</u>
(c)	Total decrease	<u>\$240,000</u>

(3) The decrease reflected in funds from other sources for 1942 represents:

(a)	A reduction in services to be performed, for which reimbursement is obtained, for the Federal Farm Mortgage Corporation, the Central Bank for Cooperatives, the Reconstruction Finance Corporation (Regional Agricultural Credit Corporations)	\$58,854
-----	--	----------

(b)	A reduction in the amount of assessments to be collected for examinations of production credit corporations and associations, and banks for cooperatives	\$16,297
(c)	A reduction in the amount of funds available in the continuing appropriation for the supervision of production credit corporations and associations, in the availability of funds for the collection of loans to agricultural credit corporations under the Act of March 3, 1932, and in the availability of funds for the collection of loans under the Acts of January 22, 1932 and February 4, 1933	<u>155,939</u>
(d)	Total decreases	<u>\$231,090</u>
(e)	An increase in the amount of fees collected under the Federal Credit Union Act of June 26, 1934	<u>\$39,175</u>
(f)	Total increases	<u>\$39,175</u>
(g)	Net decrease (Item (d) minus Item (f))	<u><u>\$191,915</u></u>

WORK UNDER THIS APPROPRIATION

General Statement

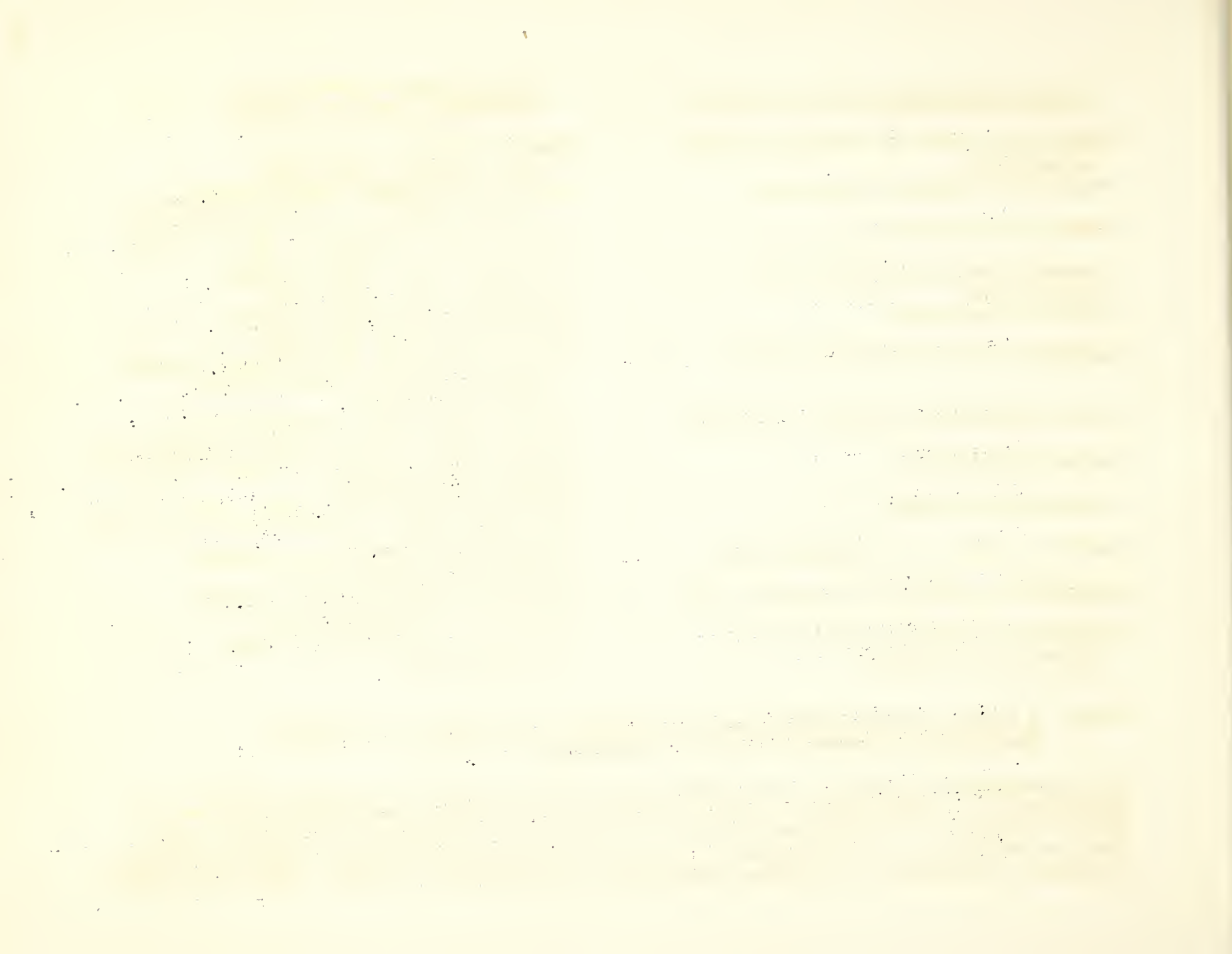
The Farm Credit Administration supervises, coordinates, and administers a national program of agricultural credit pursuant to Executive Order 6084, dated March 27, 1933, and the various acts listed below:



<u>Name of institution, fund, or activity</u>	<u>Act of Congress creating the institution, fund, or activity</u>
Federal land banks and national farm loan associations	Federal Farm Loan Act, approved July 17, 1916 (39 Stat. 360)
Federal Farm Mortgage Corporation*	Federal Farm Mortgage Corporation Act, approved January 31, 1934 (48 Stat. 344)
Federal intermediate credit banks	Agricultural Credits Act of 1933, approved March 4, 1923 (42 Stat. 1454)
Production credit corporations and associations	Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257)
Banks for cooperatives	Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257)
Emergency crop and feed loan agencies	Acts of January 29, 1937 (50 Stat. 5), and February 4, 1938 (52 Stat. 26), and various prior acts
Regional agricultural credit corporations	Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 713)
Federal credit unions	Federal Credit Union Act, approved June 26, 1934 (48 Stat. 1216)
Joint stock land banks	Federal Farm Loan Act, approved July 17, 1916, (39 Stat. 360)
Joint stock land banks liquidation fund	Emergency Farm Mortgage Act, approved May 12, 1933 (48 Stat. 46)
Agricultural Marketing Act Revolving Fund	Agricultural Marketing Act, approved June 15, 1929 (46 Stat. 11)
Service to cooperative associations of agricultural producers	Cooperative Marketing Act of 1926 (44 Stat. 802)

*Note: A budget statement pertaining to activities of the Federal Farm Mortgage Corporation is covered by separate submission.

This appropriation provides for the general administrative expenses of the Farm Credit Administration in discharging its responsibilities for supervision, coordination, and examination of the banks and corporations named above, the making and collecting of emergency crop, feed, and seed loans, the liquidation of the Agricultural Marketing Act Revolving Fund, and the extension of services to cooperative associations of agricultural producers. With the exception



of the crop loan program which is administered by employees of the Farm Credit Administration, the present agricultural lending program under the supervision of the Farm Credit Administration is carried forward through corporations operating in the twelve farm credit districts into which the Continental United States is divided.

The Farm Credit Administration makes its facilities available to and renders services for various agencies pursuant to authority of law, and is reimbursed for the costs of such facilities and services by the institutions or agencies for which the services are performed or collects fees therefor pursuant to statutory authority. This appropriation estimate therefore includes estimates of the amount of funds which will be available to the Administration from sources other than by appropriation from the Federal Treasury. There is set forth below (1) a statement showing by sources of funds, the total estimated expenditures of the Farm Credit Administration for the fiscal year 1942, and (2) an analysis of the estimated net cost to the Treasury for the fiscal year 1942 of the Farm Credit Administration, excluding the administrative costs of the crop loan program.

Sources of Funds 1942

1. To be appropriated from the general funds of the Treasury for salaries and expenses - Farm Credit Administration \$3,810,000
2. To be obtained from funds appropriated for the making and collecting of crop loans under the acts of January 29, 1937, February 4, 1938, June 30, 1939, and June 25, 1940, for administrative expenses in connection with the making of new loans and the collecting of old loans outstanding 3,660,000
3. To be obtained from the Federal Farm Mortgage Corporation for services rendered by the Farm Credit Administration. The Corporation has no salaried employees of its own and so far as its Central Office is concerned it uses the personnel of the Farm Credit Administration as permitted by the law establishing the corporation 901,129



4. To be obtained from fees collected under the Federal Credit Union Act of June 26, 1934. This act provides for an application fee of \$5, a charter fee of \$20, an annual supervision fee of not to exceed \$10, and fees for examinations made by the Farm Credit Administration. Fees so collected may be used for supervising established credit unions and investigating new applications for charters.....	\$149,175
5. To be obtained from assessments for examinations of institutions organized under the Farm Credit Act of 1933. These institutions consist of the 13 banks for cooperatives, 12 production credit corporations and some 500 odd production credit associations.....	245,128
6. To be obtained from the Reconstruction Finance Corporation for supervision of regional agricultural credit corporations. These corporations were chartered by the Reconstruction Finance Corporation and were transferred to the Farm Credit Administration by Executive Order on May 27, 1933. However, under the law, the Reconstruction Finance Corporation is required to pay the cost of their supervision.....	102,759
7. To be obtained from the Central Bank for Cooperatives as reimbursement for services rendered by the Farm Credit Administration. The Central Bank for Cooperatives is at Washington, D. C. This bank instead of establishing its own force and making its own appointments utilizes the personnel and facilities of the Farm Credit Administration and this item is in reimbursement of services and facilities furnished the Central Bank.....	133,310
8. To be expended direct from the continuing appropriation made available for administrative expenses, production credit corporations and associations, 4th Deficiency Act of June 16, 1933, for the direct expense of administration and supervision of these corporations and associations.....	37,840
Total estimated expenditures.....	<u>\$9,039,341</u>



Analysis of Estimated Net Cost to the Treasury for the
Fiscal Year 1942 of the Farm Credit Administration,
Excluding Administrative Costs of the Crop Loan Program

1. Total estimated expenditures	\$9,039,341
2.. Less estimated cost of making and collecting emergency crop and feed loans	<u>3,660,000</u>
3. Total estimate, excluding crop loans	5,379,341
4. Less estimated payments to be made to Farm Credit Administration by corporations under its supervision for services rendered:	
(a) Federal Farm Mortgage Corporation	\$901,129
(b) Federal credit unions	149,175
(c) Production credit corporations and associations, banks for cooperatives	245,128
(d) Regional agricultural credit corporations	102,759
(e) Central Bank for Cooperatives	<u>133,310</u>
5. Total	<u>1,531,501</u>
6. Less payments to be made direct to Treasury by corporations under supervision of Farm Credit Administration:	
(a) Estimated amounts to be paid Treasury, not appearing in FCA budget, for costs of examination; Federal land banks, Federal intermediate credit banks, joint stock land banks	464,926
(b) Estimated franchise tax to be paid by Federal intermediate credit banks to Treasury; does not appear in FCA budget	<u>350,000</u>
7. Total estimated payments to Treasury	<u>814,926</u>
8. Total of payments to Farm Credit Administration and Treasury as shown above	<u>2,346,427</u>
9. Net cost to Treasury of supervising and examining permanent credit units	<u>\$3,032,914</u>

SELECTED DATA ON THE OPERATIONS OF THE
AGRICULTURAL LENDING PROGRAMS

Loans

The following three schedules show the amount of loans made during the last four years, the amount of loans outstanding as of the end of each such year, and the gross assets of each of the institutions or establishments under the supervision of, or utilizing the services of, the Farm Credit Administration at the end of each such year.

FARM CREDIT ADMINISTRATION

Table 1 - Amount of loans made, by fiscal years, 1937 through 1940

Institution	1937	1938	1939	1940
Farm mortgage loans:				
Federal land banks	\$77,296,200	\$55,703,752	\$51,033,849	\$55,820,107
Federal Farm Mortgage Corporation	52,445,608	33,592,245	27,947,259	30,251,371
Joint stock land banks	416,661	221,369	332,145	208,322
Total	130,158,469	89,517,366	79,313,253	86,279,800
Short-term credit:				
Production credit associations <u>a/</u> <u>b/</u>	253,704,840	297,074,141	310,433,592	328,731,247
Emergency crop loans	33,005,901	21,555,132	15,143,761	18,725,075
Regional agricultural credit corporations <u>a/</u>	25,923,933	9,927,860	4,726,775	4,901,892
Federal intermediate credit banks (excluding loans to cooperatives) <u>a/</u>	401,591,075	465,672,384	461,914,786	467,278,683
Total	714,225,749	794,229,517	792,218,914	819,636,897
Loans to cooperatives:				
Federal intermediate credit banks <u>a/</u>	4,279,267	4,430,400	2,732,206	4,642,593
Banks for cooperatives	85,543,878	109,884,695	86,161,002	90,117,446
Agricultural Marketing Revolving Fund <u>a/</u>	17,812,205	5,335,447	7,080,000	658,800
Total	107,635,350	119,640,542	95,973,208	95,418,839
Subtotal	952,019,568	1,003,187,425	967,505,375	1,001,335,536
Joint stock land bank liquidation fund	105,126	-	-	-
Federal credit unions	24,733,638	39,464,752	60,511,247	85,579,566
Grand total	\$976,858,332	\$1,042,652,177	\$1,028,016,622	\$1,086,915,102

a/ Includes renewals.b/ Includes data for associations which have been placed in liquidation.

FARM CREDIT ADMINISTRATION

Table 2 - Amount of loans outstanding as of June 30 for specified years

Institution	1937	1938	1939	1940
Farm mortgage loans:				
Federal land banks	\$2,052,318,799	\$2,017,695,927	\$1,940,586,076	\$1,880,408,005
Land Bank Commissioner	830,576,940	786,068,168	717,632,044	668,850,213
Joint stock land banks	117,565,777	94,138,819	78,511,006	55,060,439
Total	3,000,461,516	2,897,902,914	2,736,719,126	2,604,318,657
Short-term credit:				
Production credit associations <u>a/</u>	160,050,519	184,326,851	187,711,501	200,415,302
Emergency crop loans	130,638,512	129,123,866	126,344,102	129,547,685
Drought relief loans	58,995,711	55,987,329	53,822,295	51,670,712
Regional agricultural credit corporations	22,914,086	14,737,772	10,235,468	7,767,654
Federal intermediate credit banks (excluding loans to cooperatives)	312,314,527	250,881,973	230,152,762	236,441,253
Total	584,913,355	635,107,791	608,266,128	625,842,606
Loans to cooperatives:				
Federal intermediate credit banks	634,927	18,978	359,106	897,190
Banks for cooperatives	45,032,454	81,190,495	59,576,528	62,176,819
Agricultural Marketing Revolving Fund	46,853,949	24,603,620	22,592,138	18,199,684
Total	92,521,330	105,813,093	82,537,772	81,273,693
Subtotal	3,677,896,201	3,638,823,798	3,427,513,026	3,311,434,956
Joint stock land bank liquidation fund	116,997	55,554	33,982	4,436
Federal credit unions	12,113,561	19,305,766	30,891,362	46,491,704
Grand total	\$3,690,126,759	\$3,658,185,118	\$3,458,438,370	\$3,357,931,096

a/ Includes data for associations which have been placed in liquidation.

FARM CREDIT ADMINISTRATION

Table 3 - Gross assets as of June 30 for specified years

Institution	1937	1938	1939	1940
Farm mortgage credit:				
Federal land banks	\$2,461,691,080	\$2,431,766,702	\$2,390,342,786	\$2,363,924,919
Federal Farm Mortgage Corporation	1,702,464,494	1,691,336,222	1,665,468,968	1,558,415,400
Total	4,164,155,574	4,123,102,924	4,055,811,754	3,922,340,319
Short-term credit:				
Production credit corporations	121,306,012	121,586,989	122,327,501	122,562,978
Production credit associations	254,952,616	282,666,905	287,233,928	301,980,355
Emergency crop and drought relief loans	258,139,634	222,681,798	212,849,992	209,946,292
Federal intermediate credit banks	296,986,929	337,231,610	317,367,663	333,721,663
Banks for cooperatives	157,778,338	190,693,018	178,140,617	177,036,598
Total	1,089,143,529	1,154,860,320	1,117,919,706	1,145,247,886
Institutions in process of liquidation:				
Regional agricultural credit corporations	31,340,761	21,779,455	21,992,061	22,228,281
Agricultural Marketing Revolving Fund ^{a/}	262,548,559	260,893,183	261,681,995	261,653,199
Joint stock land banks	247,991,146	207,243,407	180,315,870	149,574,347
Total	541,880,466	489,916,045	463,989,926	433,455,827
Joint stock land bank liquidation fund	117,621	55,852	34,165	4,460
Federal credit unions	14,527,868	23,526,231	37,720,310	57,585,404
Grand total	\$5,809,825,058	\$5,791,461,372	\$5,675,475,861	\$5,558,633,896

^{a/} Includes loans to Stabilization Corporations.

FEDERAL LAND BANKS

The twelve Federal land banks, established in 1917 under the authority of the Federal Farm Loan Act, provide farmers with long-term credit for financing the purchase of land, the erection of buildings, the purchase of machinery and equipment, the liquidation of indebtedness incurred for agricultural purposes (or incurred prior to January 1, 1937), and for other agricultural purposes.

There follow comparative condensed balance sheets of the twelve Federal land banks as of June 30, 1940, and June 30, 1939, and a tabulation of selected data covering the last three years of their operations.

FEDERAL LAND BANKS

Table 4 - Consolidated statement of condition
June 30, 1940, and June 30, 1939

	June 30, 1940		June 30, 1939	
<u>ASSETS</u>				
Mortgage loans	\$1,872,928,521.32		\$1,934,555,652.21	
Purchase money mortgages, contracts and notes	99,732,284.03		91,354,214.03	
Unmatured extensions	19,309,212.97		17,762,194.63	
Delinquent installments, advances, etc.	25,663,727.13		22,434,774.21	
Accrued interest receivable on mortgage loans (not due)	28,839,885.63		30,062,733.58	
Total	2,046,473,631.08		2,096,169,568.66	
Less reserve	24,379,904.59	\$2,022,093,726.49	17,923,357.26	\$2,078,246,211.40
Cash a/		72,269,604.34		37,882,128.56
Due from the Secretary of the Treasury		6,955,078.60		9,364,367.69
Accounts receivable		1,956,844.04		1,569,069.13
United States Government obligations, direct and fully guaranteed		86,373,016.43		76,076,611.90
Other bonds and securities		3,512,654.83		21,871.21
Accrued interest receivable on securities (not due)		311,262.71		301,540.41
Real estate and sheriffs' certificates (investment)	117,338,518.56		127,002,235.03	
Less reserve	42,976,688.91	74,361,829.65	42,520,813.10	84,481,421.93
Loans called for foreclosure, judgments, etc. (investment)	15,690,439.77		29,303,143.90	
Less reserve	5,237,195.68	10,453,244.09	9,098,616.24	20,204,527.66
Deferred expense		6,434,854.83		6,236,601.31
Other assets		6,609,014.06		6,569,580.94
Total assets		\$2,291,331,130.12		\$2,320,953,932.13

FEDERAL LAND BANKS

Table 4 - Consolidated statement of condition
June 30, 1940, and June 30, 1939

	<u>June 30, 1940</u>	<u>June 30, 1939</u>
<u>LIABILITIES</u>		
Federal farm loan bonds outstanding (net) b/	\$1,735,985,940.00	\$1,752,747,990.00
Notes payable	4,800.00	21,367,643.05
Accrued interest payable (not due)	18,976,148.36	19,283,378.43
Deferred proceeds of loans	969,016.09	548,843.53
Payments received on unmatured items	1,477,955.07	2,647,321.25
Other liabilities	11,942,922.75	13,828,240.10
Deferred income	175,380.35	225,461.84
Capital stock:		
United States Government	\$125,000,000.00	\$124,952,320.00
National farm loan associations	107,400,240.00	108,772,682.50
Direct borrowers and others	3,647,185.00	3,632,120.00
Total	236,047,425.00	237,407,122.50
Paid-in surplus	187,772,745.43	188,990,185.17
Legal reserve	60,197,675.76	53,192,937.87
Reserve for contingencies	20,680,936.14	19,477,316.78
Earned surplus	5,000,000.00	5,000,000.00
Undivided profits	12,100,185.12	6,237,596.61
Total liabilities	<u>\$2,291,331,130.12</u>	<u>\$2,320,953,932.13</u>

a/ Includes deposits for matured or called obligations.

b/ Excludes matured or called bonds which are included
in "Other liabilities," and bonds on hand.

TABLE 5 - SELECTED COMPARATIVE DATA ON FEDERAL LAND BANKS

Item	June 30, 1938	June 30, 1939	June 30, 1940
Loans outstanding:			
Number	633,653	622,657	616,308
Amount	\$2,017,695,927	\$1,940,586,076	\$1,880,408,005
Loans closed during year:			
Number	15,036	13,862	14,735
Amount	\$55,703,752	\$51,033,849	\$55,820,107
Repayments of loans during year ended	\$64,630,575	\$84,133,048	\$95,007,779
Loans delinquent:			
Number	136,203	137,031	142,152
Amount	\$471,744,024	\$477,290,663	\$476,618,396
Percent of loans delinquent:			
Number	21.5	22.0	23.1
Amount	23.4	24.6	25.3
Real estate and sheriffs' certificates acquired during the year ended:			
Number	7,756	11,188	7,871
Investment	\$28,257,228	\$45,055,859	\$33,796,765
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	12,155	8,851	10,844
Part	1,824	975	1,002
Investment	\$42,491,690	\$33,785,996	\$43,858,054
Real estate and sheriffs' certificates on hand:			
Number	23,891	26,161	23,136
Investment	\$113,907,489	\$127,002,235	\$117,338,519
Capital stock and surplus paid in -			
United States Government	\$304,402,999	\$313,942,505	\$312,772,745
Capital stock owned by borrowers	\$113,669,988	\$112,454,803	\$111,047,425

FEDERAL INTERMEDIATE CREDIT BANKS

The twelve Federal intermediate credit banks were organized under the provisions of the "Agricultural Credits Act of 1923," approved March 4, 1923. These banks are agricultural banks of discount and are not authorized to make loans to individuals. The loans and discounts made by the banks must be for agricultural purposes and have a maturity at the time they are made or discounted by the banks of not more than three years.

There follow comparative condensed balance sheets of the twelve Federal intermediate credit banks as of June 30, 1940, and June 30, 1939, and a tabulation of selected data covering the last three years of their operations.

FEDERAL INTERMEDIATE CREDIT BANKS

Table 6 - Consolidated statement of condition
June 30, 1940, and June 30, 1939

	<u>June 30, 1940</u>		<u>June 30, 1939</u>	
<u>ASSETS</u>				
Loans and discounts:				
Production credit associations	\$191,090,432.20		\$181,064,982.47	
Other financing institutions	40,033,356.48		39,793,782.53	
Banks for cooperatives	5,317,464.40		9,293,996.58	
Cooperative associations	897,189.97		359,106.30	
Total	237,338,445.05		230,511,867.88	
Less reserve	526,994.26	\$236,811,448.79	526,994.26	\$229,984,873.62
Notes receivable	453,100.43		682,465.20	
Less reserve	283,513.60	164,586.83	348,107.79	334,357.41
Cash		19,406,928.03		9,796,548.82
United States Government obligations, direct and fully guaranteed (at cost or par, which- ever is lower)		74,824,556.96		74,799,516.52
Accounts receivable		3,461.37		3,622.77
Accrued interest receivable:				
Loans and discounts	1,294,775.80		1,120,394.38	
Other	198,050.65		219,152.93	
Total	1,492,826.45		1,339,547.31	
Less reserve	987.92	1,491,838.53	456.15	1,339,091.16
Prepaid and deferred expense		245.00		1,008.40
Other assets	614,610.25		594,488.12	
Less reserve	559,996.53	54,613.72	530,830.52	63,657.60
Total assets		\$332,757,679.23		\$316,322,676.30

FEDERAL INTERMEDIATE CREDIT BANKS

Table 6 - Consolidated statement of condition
June 30, 1940, and June 30, 1939

	June 30, 1940	June 30, 1939
<u>LIABILITIES</u>		
Unmatured consolidated debentures	\$210,300,000.00	\$195,400,000.00
Notes payable	-	-
Trust accounts	77,468.67	48,463.89
Accounts payable	4,089.80	8,810.91
Liability for cash collateral	806,255.75	1,013,723.29
Deferred proceeds, loans and discounts	-	4,315.21
Accrued interest payable (not due):		
Debentures	\$743,758.23	\$854,116.86
Other	-	-
Interest collected, not earned	743,758.23	854,116.86
Unamortized premium on outstanding debentures	77,037.30	78,192.95
Other liabilities	193,306.00	452,070.56
Capital stock paid in	31,592.39	a/ 70,306.36
Surplus paid in	70,000,000.00	70,000,000.00
Reserve for contingencies	30,000,000.00	30,000,000.00
Surplus earned and undivided profits	2,700,000.00	1,790,000.00
	17,824,171.09	16,602,676.27
Total liabilities	120,524,171.09	118,392,676.27
	\$332,757,679.23	\$316,322,676.30

a/ Includes matured debentures, principal and interest.

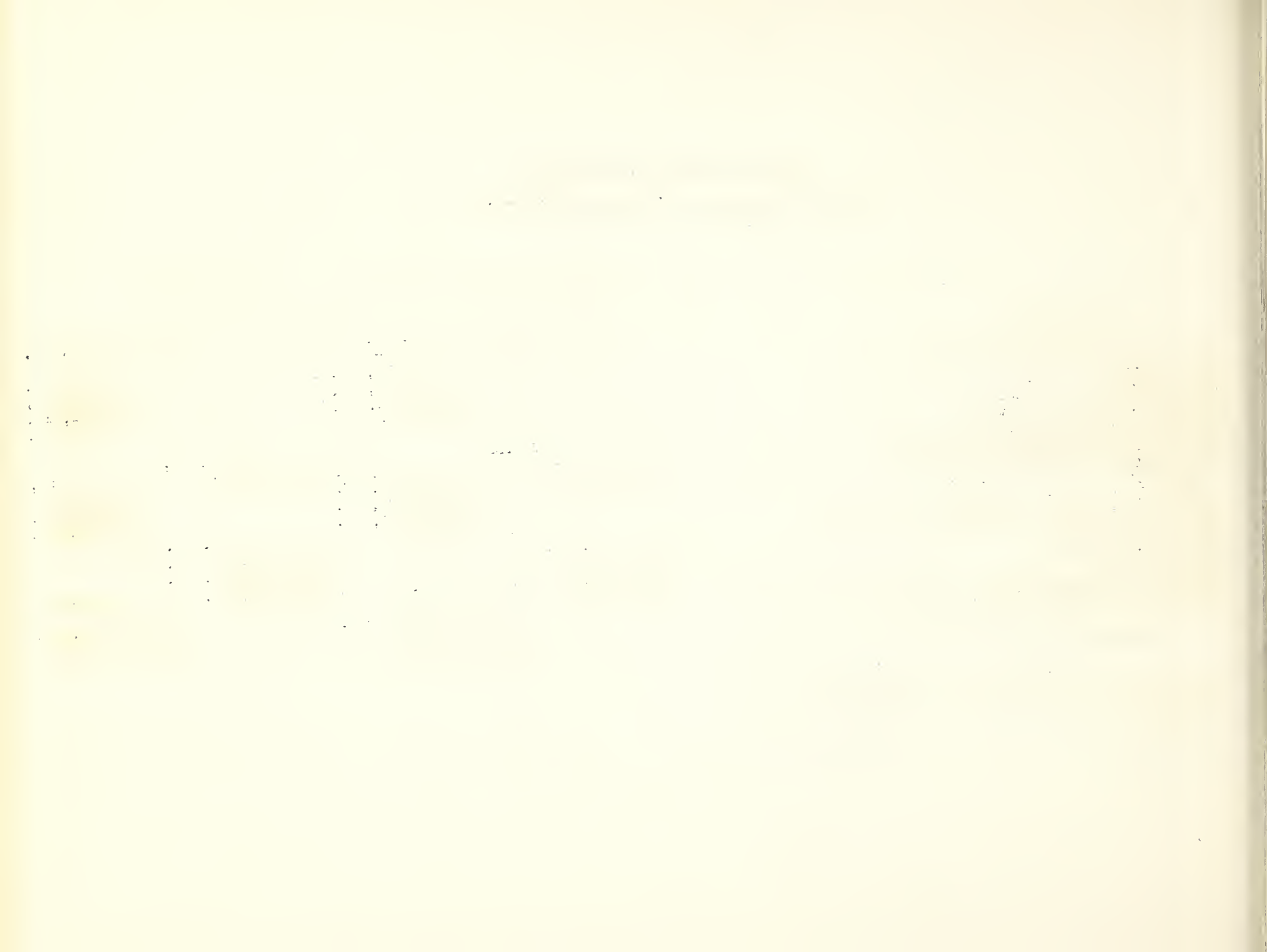


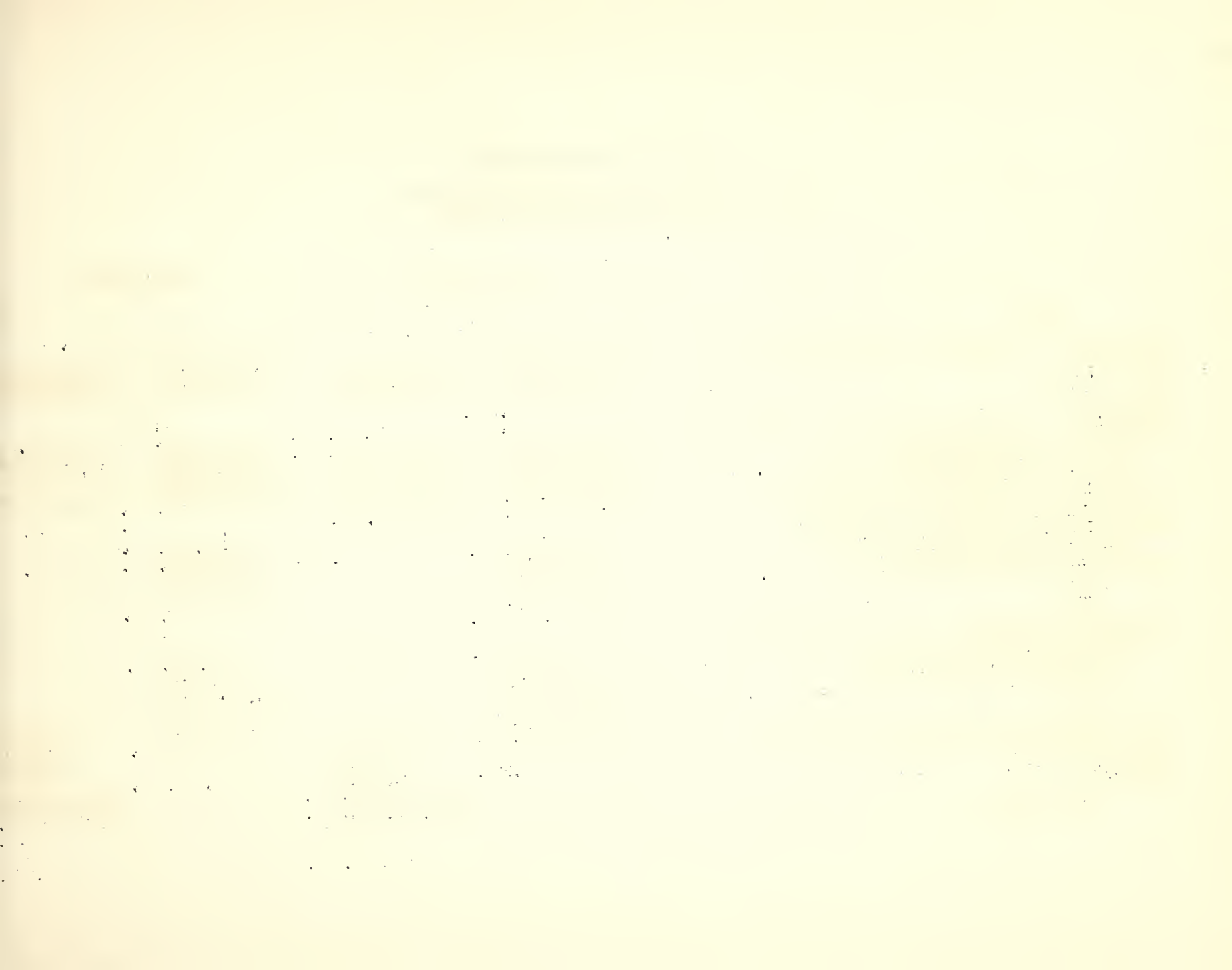
TABLE 7 - SELECTED COMPARATIVE DATA ON FEDERAL INTERMEDIATE CREDIT BANKS

Item	June 30, 1938	June 30, 1939	June 30, 1940
Loans and discounts outstanding.....	\$250,900,951	\$230,511,868	\$237,338,443
Loans and discounts made	470,102,734	464,646,992	471,921,276
Franchise tax paid	741,275	760,141	685,050
Capital stock and surplus owned by U. S. Government	100,000,000	100,000,000	100,000,000

PRODUCTION CREDIT CORPORATIONS AND ASSOCIATIONS

The twelve production credit corporations were organized pursuant to the provisions of the Farm Credit Act of 1933, approved June 16, 1933. These corporations were established to organize, to assist in capitalizing, and to supervise the operations of production credit associations. The associations, of which there were 537 on June 30, 1940, are composed of farmer-borrowers organized to meet the production credit needs of local agricultural communities by making loans and discounting them with the Federal intermediate credit banks.

There follow comparative condensed balance sheets of the twelve production credit corporations as of June 30, 1940, and June 30, 1939, and a tabulation of selected data covering the operations of production credit associations during the last three years.



PRODUCTION CREDIT CORPORATIONS

Table 8 - Consolidated statements of condition
June 30, 1940, and June 30, 1939

	<u>June 30, 1940</u>		<u>June 30, 1939</u>	
<u>ASSETS</u>				
Class A stock of production credit associations:				
Par value	\$75,151,523.68		\$75,493,275.68	
Less reserve	<u>339,000.00</u>	\$74,812,523.68	<u>250,000.00</u>	\$75,243,275.68
Cash		401,221.88		356,656.95
Securities:				
United States Government obligations, direct and fully guaranteed (par)	35,474,050.00		33,749,050.00	
Less sold under repurchase agreement a/	<u>15,312,450.00</u>	20,161,600.00	<u>13,776,450.00</u>	19,972,600.00
Consolidated Federal farm loan bonds (par)	101,200,000.00		101,200,000.00	
Less sold under repurchase agreement a/	<u>74,893,750.00</u>	26,306,250.00	<u>75,216,250.00</u>	25,983,750.00
Accrued interest receivable on securities:				
United States Government obligations, direct and fully guaranteed	153,253.41		151,268.38	
Consolidated Federal farm loan bonds	<u>1,643,244.30</u>		<u>1,643,244.45</u>	
Total	<u>1,796,497.71</u>		<u>1,794,512.83</u>	
Less accrued interest on securities sold under repurchase agreement:				
United States Government obligations, direct and fully guaranteed	83,732.12		78,412.96	
Consolidated Federal farm loan bonds	<u>1,254,790.20</u>		<u>1,259,939.81</u>	
Total	<u>1,338,522.32</u>		<u>1,338,352.77</u>	
Net accrued interest receivable on securities		457,975.39		456,160.06
Accounts receivable		5,968.68		8,044.15
Other assets		<u>78,438.83</u>		<u>57,014.03</u>
Total assets		\$122,223,978.46		\$122,077,500.87

PRODUCTION CREDIT CORPORATIONS

Table 8 - Consolidated statements of condition
June 30, 1940, and June 30, 1939

	<u>June 30, 1940</u>	<u>June 30, 1939</u>
<u>LIABILITIES</u>		
Due to production credit associations -		
Trust funds	\$6,000.00	-
Due to production credit associations in		
liquidation	403.54	-
Accounts payable	1,254.50	\$1,405.26
Capital stock	120,000,000.00	120,000,000.00
Earned surplus	2,079,245.97	1,925,231.78
Undivided profits	137,074.45	150,863.83
Total liabilities	<u>\$122,223,978.46</u>	<u>\$122,077,500.87</u>

a/ These securities have been sold at par to production credit associations, but by agreement are subject to repurchase at par by the production credit corporations.

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TABLE 9 - SELECTED COMPARATIVE DATA ON PRODUCTION CREDIT ASSOCIATIONS
(all associations)

Item	June 30, 1938	June 30, 1939	June 30, 1940
Number of production credit associations	<u>1</u> /547	<u>2</u> /545	<u>3</u> /537
Borrower membership	268,582	266,743	259,589
Stock owned by borrowers (Class B)	\$14,334,407	\$15,581,612	\$16,662,492
Stock owned by production credit corporations (and others)(Class A)	\$76,342,890	\$76,409,773	\$77,130,032
Loans made - year ended	\$297,074,141	\$310,433,592	\$338,731,347
Loans outstanding	\$184,326,851	\$187,711,501	\$200,415,302

1/ Includes 536 active associations and 11 associations in liquidation.

2/ Includes 532 active associations and 13 associations in liquidation.

3/ Includes 528 active associations and 9 associations in liquidation.



BANKS FOR COOPERATIVES

The twelve district banks for cooperatives and the Central Bank for Cooperatives were organized pursuant to the provisions of the Farm Credit Act of 1933, approved June 16, 1933. These banks extend credit to cooperative associations of farmers engaged in (1) processing, preparing for market, handling or marketing farm products; (2) purchasing, testing, grading, processing, distributing, or furnishing farm supplies; or (3) furnishing farm business services.

The Central Bank for Cooperatives makes loans to farmers' cooperative associations of national or broad regional scope. The division of lending authority between the Central Bank for Cooperatives and the district banks for cooperatives is prescribed by the Governor of the Farm Credit Administration in such manner as best prevents duplication of effort and secures greatest efficiency in extending benefits to borrowers.

There follow comparative condensed statements of condition of the thirteen banks for cooperatives as of June 30, 1940, and June 30, 1939, and a tabulation of selected data covering the last three years of their operations.



BANKS FOR COOPERATIVES

Table 10 - Consolidated statement of condition
June 30, 1940, and June 30, 1939

	<u>June 30, 1940</u>		<u>June 30, 1939</u>	
<u>ASSETS</u>				
Loans outstanding	\$62,176,819.48		\$59,576,527.98	
Less reserve	<u>2,604,524.78</u>	\$59,572,294.70	<u>3,715,565.81</u>	\$55,860,962.1
Notes purchased from cooperatives under CCC				
contracts to purchase		1,156,609.50		-
Cash		<u>16,618,023.45</u>		<u>10,255,025.1</u>
U.S. Government obligations direct and fully				
guaranteed (par)	84,887,350.00		94,357,350.00	
Unamortized premium (net)	<u>1,953,525.26</u>	83,359,675.26	<u>1,902,520.23</u>	93,260,170.2
F.I.C.B. debentures (par)	8,795,000.00		10,375,000.00	
Unamortized premium	<u>9,395.45</u>	8,804,395.45	<u>22,800.21</u>	10,397,800.2
Accounts receivable		<u>30,835.73</u>		<u>29,268.3</u>
Accrued interest receivable:				
Loans to cooperatives	533,631.23		505,284.17	
Less reserve for delinquent interest	<u>115,486.42</u>		<u>83,153.37</u>	
Net	418,144.81		422,130.80	
Notes purchased from cooperatives under CCC				
contracts to purchase	32,196.87		-	
U. S. Government obligations direct and fully				
guaranteed	399,610.38		398,097.90	
F.I.C.B. debentures	<u>24,826.39</u>		<u>37,459.24</u>	
Notes receivable, sales contracts, etc.	2,948.48		2,844.51	
Less reserve for delinquent interest	<u>1,882.83</u>		<u>1,287.54</u>	
Net	1,065.65	875,844.10	1,556.97	859,244.9
Other assets (net)		<u>282,670.54</u>		<u>349,422.9</u>
Total assets		<u>\$174,180,348.73</u>		<u>\$174,011,894.0</u>

BANKS FOR COOPERATIVES

Table 10 - Consolidated statement of condition
June 30, 1940, and June 30, 1939

	June 30, 1940	June 30, 1939
<u>LIABILITIES</u>		
Loans rediscounted with F.I.C.B.'s	\$5,317,464.40	\$9,286,810.72
Accrued interest payable on loans rediscounted with F.I.C.B.'s	13,952.27	37,440.22
Other liabilities	89,679.43	142,707.07
Capital stock and guaranty fund:		
Capital stock - U.S. Government	\$149,000,000.00	\$149,000,000.00
Capital stock - cooperatives	3,253,100.00	3,029,200.00
Guaranty fund - cooperatives	131,200.00	104,800.00
Surplus earned	152,384,300.00	152,134,000.00
Reserve for contingencies	13,704,310.69	11,505,985.01
Undivided profits	1,390,000.00	-
	1,230,641.89	904,951.07
Total liabilities	\$174,180,348.73	\$174,011,894.09
Loan commitments outstanding	\$52,843,096.59	\$45,290,497.44



TABLE 11 - SELECTED COMPARATIVE DATA ON BANKS FOR COOPERATIVES

Item	June 30, 1938	June 30, 1939	June 30, 1940
Number of borrowing cooperatives	1,611	1,645	1,689
Loans and advances made year ended	\$109,884,696	\$86,161,002	\$90,117,446
Loans outstanding	\$81,190,495	\$59,576,528	\$62,176,819
Capital stock or guaranty fund owned by borrowers	\$3,294,700	\$3,134,000	\$3,384,300
Capital stock owned by U.S. Government	\$146,000,000	\$149,000,000	\$149,000,000



EMERGENCY CROP, FEED, AND SEED LOANS

As part of its emergency aid to agriculture, Congress has made available funds for emergency loans to farmers for crop production, the purchase of feed for livestock, and similar purposes. Prior to 1932, such loans were restricted to flood-, drought-, and storm-stricken areas, but in recent years, with the exception of the 1934 drought relief appropriation, there has been no limitation as to area.

The following table reflects by loan years the number and amount of loans made, amount repaid, percentage of repayments to loans made, number and amount of loans outstanding and unpaid as of June 30, 1940.

TABLE 12 - SELECTED COMPARATIVE DATA ON EMERGENCY CROP, AND DROUGHT RELIEF LOANS

Loans	Loans made		Amount collected	Percent collected	Balance outstanding June 30, 1940	
	Number	Amount			Number	Amount
Emergency Crop Loans:						
Farmers' Seed Loans, 1918-1919.....	15,973	\$4,200,883	\$3,148,433	74.9	3,884	\$1,052,450
Farmers' Seed Loans, 1921-31.....	560,158	70,835,686	52,461,659	74.1		(18,354,027
Crop Production Loans, 1932-33.....	1,141,317	121,580,443	89,827,147	73.9		(31,753,296
Crop Production and Harvesting Loans, 1934.....	445,189	37,891,586	24,052,116	63.5		(13,839,470
Crop Production and Harvesting Loans, 1935.....	424,441	57,419,914	31,283,273	54.5	1,017,802	(26,136,641
Emergency Crop Loans, 1936.....	188,944	16,629,190	13,008,494	78.2		(3,620,706
Crop Production and Harvesting Loans, 1937.....	252,894	32,503,280	21,493,158	66.1		(11,010,122
Crop Production and Harvesting Loans, 1938.....	174,557	19,647,535	15,376,613	78.3	43,502	4,270,922
Crop Production and Harvesting Loans, 1939.....	139,452	15,079,509	12,194,003	80.9	32,408	2,885,506
Crop Production and Harvesting Loans, 1940.....	149,437	16,857,315	230,770	1.4	148,401	16,624,545
Total.....	3,492,262	392,645,341	263,097,656	67.0	1,245,997	129,547,685
Drought Loans:						
Drought Loans, 1934-35.....	300,614	72,008,540	20,337,838	28.2	216,732	51,670,712
Grand total.....	3,792,876	\$464,653,881	\$283,435,484	61.0	1,462,729	\$181,218,397

REGIONAL AGRICULTURAL CREDIT CORPORATIONS

The regional agricultural credit corporations were organized by the Reconstruction Finance Corporation in accordance with section 201(e) of the Emergency Relief and Construction Act of 1932. These corporations were placed in liquidation early in 1934 following the establishment of the Production Credit System.

The following comparative statements of condition show the progress made in liquidation of the regional agricultural credit corporations during the period June 30, 1933 - June 30, 1939, and June 30, 1940.



REGIONAL AGRICULTURAL CREDIT CORPORATIONS

Table 13 - Consolidated statement of condition
June 30, 1940, June 30, 1939, and June 30, 1933

	June 30, 1940	June 30, 1939	June 30, 1933
<u>ASSETS</u>			
Loans outstanding.....	\$7,767,654.00	\$10,235,467.72	\$145,413,997.45
Cash.....	13,703,860.17	10,829,683.29	2,279,936.62
Accrued interest receivable on loans.....	504,540.69	634,901.82	2,615,377.01
Accounts receivable.....	34,562.42	43,012.27	19,193.23
Other assets.....	217,643.76	248,724.94	a/ 5,750,772.61
Total assets.....	<u>\$22,228,231.04</u>	<u>\$21,991,790.04</u>	<u>\$156,079,276.92</u>
<u>LIABILITIES</u>			
Rediscounts.....	-	-	\$108,770,626.95
Other liabilities.....	\$107,124.79	\$113,836.79	1,447,030.52
Capital stock.....	5,000,000.00	5,000,000.00	44,500,000.00
Surplus paid in by the Reconstruction Finance Corporation b/.....	16,328,653.94	15,980,681.70	3,021,492.48
Reserve for losses.....	2,213,630.12	3,200,863.62	-
Net loss from operations.....	-1,421,127.81	-2,303,597.07	-1,652,873.03
Total liabilities and capital.....	<u>\$22,228,231.04</u>	<u>\$21,991,790.04</u>	<u>\$156,079,276.92</u>

Note: Loan commitments outstanding amounted to \$318,836.13 as of June 30, 1940,
\$450,276.14 as of June 30, 1939, and \$54,152,116.37 as of June 30, 1933.

a/ Includes \$3,000,000 due from Reconstruction Finance Corporation.

b/ This amount has been paid in cash to regional agricultural credit corporations by the Reconstruction Finance Corporation and is equal to the total operating expenses of the regional agricultural credit corporations from their organization to the date of this statement (Payment by the Reconstruction Finance Corporation of the operating expenses of the regional agricultural credit corporations is required by section 201(e) of the act of July 31, 1932).

FEDERAL CREDIT UNIONS

The Federal Credit Union Act, approved June 26, 1934, authorized the Governor of the Farm Credit Administration to grant corporate charters to Federal credit unions, which are defined, according to the act, as cooperative associations organized pursuant to the provisions of the act for the purpose of promoting thrift among their members and creating a source of credit for provident or productive purposes.

The responsibilities of the Farm Credit Administration in respect to the Federal credit unions are supervisory in character, consisting of dissemination of information regarding the purposes and scope of the Federal Credit Union Act, investigation of applications for charters and passing on the issuance thereof, issuance of regulations, review of periodic reports, field visits, and examination of the accounts of the credit unions.

There follows a tabulation of selected data on credit union operations during the past three years.

TABLE 14 - SELECTED COMPARATIVE DATA ON CREDIT UNIONS

Item	June 30, 1938	June 30, 1939	June 30, 1940
Number of credit unions chartered (cumulative).....	2,838	3,347	3,991
Number of active credit unions	2,610	3,006	3,538
Number of members	566,487	717,647	983,690
Number of potential members	1,584,650	1,817,401	2,337,192
Aggregate of share balances	\$21,668,146	\$34,634,986	\$52,776,869
Amount loaned during year ended	\$39,464,752	\$30,511,247	\$85,579,566
Average size of loan made since organization	\$81	\$88	\$96
Average size of credit union in terms of assets	\$9,150	\$12,640	\$16,677
Average number of members per credit union	220	251	285
Number of Federal credit unions reporting	2,571	2,984	3,453



JOINT STOCK LAND BANKS

Joint stock land banks are privately capitalized institutions organized under the provisions of the Federal Farm Loan Act, and are managed by officers who are chosen by boards of directors elected by stockholders. They are subject to general supervision of, and examination by, the Farm Credit Administration.

The Emergency Farm Mortgage Act of 1933, approved May 12, 1933, provided that after that date no joint stock land bank should issue new tax-exempt bonds or make any farm loans except as might be necessary and incidental to the refinancing of existing loans or bond issues or to the sale of real estate. On June 30, 1940, 35 joint stock land banks, excluding 6 in receivership, were still in process of liquidation.

There follows selected data on the progress of the joint stock land banks in liquidation since May 1, 1933.



TABLE 15 - SELECTED COMPARATIVE DATA ON JOINT STOCK LAND BANKS
(Including banks in receivership)

Item	May 1, 1933	June 30, 1939	June 30, 1940
Gross assets	\$576,937,505	\$180,315,870	\$149,574,346
Bonds and notes payable	501,707,484	144,303,319	130,784,214
Loans outstanding	438,758,148	79,237,763	55,582,395
Real estate, sheriffs' certificates, purchase money mortgages, contracts, and real estate notes receivable	108,630,111	87,283,307	74,435,384
Loans delinquent	256,549,398	17,433,316	11,982,414
Percent delinquent	58.5	22.0	21.6

AGRICULTURAL MARKETING ACT REVOLVING FUND

The Agricultural Marketing Act, approved June 15, 1929, authorized the establishment of a revolving fund of \$500,000,000 for use by the Federal Farm Board in making loans to cooperative associations and to stabilization corporations. The purpose of the fund, as expressed in the act, was to protect, control, and stabilize the currents of interstate and foreign commerce in the marketing of agricultural commodities and their food products. The act authorized in general terms various methods of accomplishing its purpose, including the minimizing of speculation, prevention of wasteful methods of distribution, preventing and controlling surplus in any agricultural commodity, etc.

The supervision and administration of the funds were transferred to the Farm Credit Administration by Executive Order No. 6084, dated March 27, 1933.

With the organization of the banks for cooperatives in 1933, the fund was placed in liquidation.

Progress in Liquidation: Indicative of the progress in liquidating the loans of this fund is the following table of loans outstanding at May 26, 1933, and at the close of each year since that date:

<u>Date</u>	<u>Loans Outstanding</u>
May 26, 1933.....	\$466,242,668
December 31, 1933.....	334,091,770
December 31, 1934.....	146,910,639
December 31, 1935.....	115,858,541
December 31, 1936.....	121,761,863
December 31, 1937.....	98,970,777
December 31, 1938.....	91,183,004
December 31, 1939.....	87,207,043
June 30, 1940.....	<u>1/</u> 18,199,684

The following comparative statements of condition of the Agricultural Marketing Act Revolving Fund show the progress made in liquidation during the period June 30, 1933 - June 30, 1939, and June 30, 1940.

1/ Includes only loans to cooperative associations; all outstanding loans to stabilization corporations have been reported to the Comptroller General of the United States for collection.

1. The first part of the paper is devoted to a general discussion of the problem of the existence of a solution of the system of equations (1) for arbitrary values of the parameters α and β .

2. In the second part, the author considers the case of a linear system of equations (1) with constant coefficients. It is shown that for arbitrary values of the parameters α and β , the system has a unique solution.

3. In the third part, the author considers the case of a nonlinear system of equations (1) with constant coefficients. It is shown that for arbitrary values of the parameters α and β , the system has a unique solution.

4. In the fourth part, the author considers the case of a linear system of equations (1) with variable coefficients. It is shown that for arbitrary values of the parameters α and β , the system has a unique solution.

5. In the fifth part, the author considers the case of a nonlinear system of equations (1) with variable coefficients. It is shown that for arbitrary values of the parameters α and β , the system has a unique solution.

6. In the sixth part, the author considers the case of a linear system of equations (1) with constant coefficients and a nonlinear system of equations (1) with variable coefficients. It is shown that for arbitrary values of the parameters α and β , the system has a unique solution.

Table 16 - Agricultural Marketing Act Revolving Fund

Statements of condition

June 30, 1940, June 30, 1939, and June 30, 1933

	June 30, 1940	June 30, 1939	June 30, 1933
<u>ASSETS</u>			
Loans:			
To cooperative associations	\$18,199,683.86	\$22,592,138.30	\$181,194,978.22
Less reserve	10,380,538.29	10,232,874.98	-
Net	7,819,095.57	12,359,263.32	181,194,978.22
To stabilization corporations	-	67,059,912.48	305,598,322.46
Less reserve	-	65,300,000.00	-
Net	-	1,759,912.48	305,598,322.46
Cash	13,237,492.87	11,745,022.65	26,692,710.26
Investments in capital stock - banks for cooperatives	149,000,000.00	149,000,000.00	-
Real estate sales contracts and purchase money mortgages	241,197.59	253,315.12	-
Less reserve	92,244.09	97,976.37	-
Net	148,953.50	155,338.75	-
Notes receivable - others	1,312.97	1,496.53	-
Less reserve	161.56	218.83	-
Net	1,151.41	1,277.70	-
Accounts receivable	4,797.05	5,592.36	-
Sheriffs' certificates and judgments	442,662.20	254,248.13	-
Less reserve	364,990.23	213,447.03	-
Net	77,671.97	40,801.10	-
Assets acquired in liquidation of loans	7,945,065.63	7,852,107.59	-
Less reserve	2,428,676.91	2,670,906.91	-
Net	5,516,388.72	5,181,200.68	-
Assets acquired under the Agricultural Adjustment Act	10,783.30	18,836.78	-
Less reserve	9,690.30	12,763.78	-
Net	1,093.00	6,073.00	-
Cash reserved by Farmers National Grain Corporation for payment of contingent liabilities	206,268.26	209,848.28	-
Less contra	206,268.26	209,848.28	-
Net	-	-	-
Notes and accounts reported to the Comptroller General of the United States for collection	68,169,468.26	2,689,477.02	-
Total assets	\$248,976,112.35	\$182,943,959.06	\$513,486,010.94

Table 16 - Agricultural Marketing Act Revolving Fund
Statements of condition
June 30, 1940, June 30, 1939, and June 30, 1933

	June 30 1940	June 30 1939	June 30, 1933
<u>LIABILITIES</u>			
Unapplied cash receipts	\$5,076.31	-	-
Liability for miscellaneous trust funds	183,917.84	\$10,361.47	\$36,144.66
Reserve for notes and accounts reported to the Comptroller General of the United States for collection	63,169,468.26	2,689,477.02	-
Capital:			
Appropriated by Congress	500,000,000.00	500,000,000.00	500,000,000.00
Expenditures from Farm Credit Administration annual appropriation	1,751.49	1,751.49	-
Interest collected	21,910,444.24	21,272,427.74	13,449,866.28
Total	521,912,195.73	521,274,179.23	513,449,866.28
Less:			
Loss on Red Cross donations	197,385,144.41	197,385,144.41	-
Loss on assets acquired under the Agricultural Adjustment Act	46,298,337.28	46,298,337.28	-
Loss on loans	16,764,509.27	16,558,177.12	-
Adjustment of valuation reserves	80,846,554.83	80,788,399.85	-
Total	341,294,545.79	341,030,058.66	-
Net	180,617,649.94	180,244,120.57	513,449,866.28
Total liabilities and capital	\$248,976,112.35	\$182,943,959.06	\$513,483,010.94
Loan commitments outstanding	\$1,425,000.00	\$1,405,000.00	\$8,548,037.66

BUDGET ESTIMATES
FISCAL YEAR
1942
AND
SELECTED DATA ON THE OPERATIONS
OF
THE FEDERAL FARM MORTGAGE CORPORATION

SELECTED DATA ON THE OPERATIONS OF THE FEDERAL FARM MORTGAGE CORPORATION

The Federal Farm Mortgage Corporation Act, approved January 31, 1934, created the Federal Farm Mortgage Corporation, a wholly owned Government corporation designed (1) to assist in financing the Federal land banks during the period of the emergency and (2) to provide funds for loans to be made by the Land Bank Commissioner on behalf of the Corporation on the same terms as loans previously made by the Land Bank Commissioner. The act provided that the \$200,000,000 capital stock of the Corporation should be subscribed by the Governor of the Farm Credit Administration on behalf of the United States, and for the purpose of the capital subscription transferred to the Corporation the funds and proceeds thereof made available to the Land Bank Commissioner through the Reconstruction Finance Corporation pursuant to the Emergency Farm Mortgage Act of May 12, 1933.

By the Federal Farm Mortgage Corporation Act and subsequent legislation the Corporation is authorized to have outstanding at any one time not to exceed \$2,000,000,000 in bonds, the principal and interest of which are guaranteed by the United States. The Corporation may purchase or exchange its bonds for Federal land bank bonds, and use as much as may be necessary of its assets (including the proceeds of its bonds) for making Land Bank Commissioner loans until June 1, 1942. Commissioner loans may be made for all purposes for which Federal land bank loans may be made, including the purchase of farms. The maximum amount which may be loaned to any one borrower is \$7,500. Loans are made direct to farmers on first mortgages for an amount within the foregoing limitation and not exceeding 75 percent of the appraised normal value of the land, buildings, and personal property mortgaged, and on second mortgages for an amount which together with the prior lien does not exceed the 75 percent limitation.

There follow comparative statements of condition of the Federal Farm Mortgage Corporation as of June 30, 1940, and June 30, 1939.

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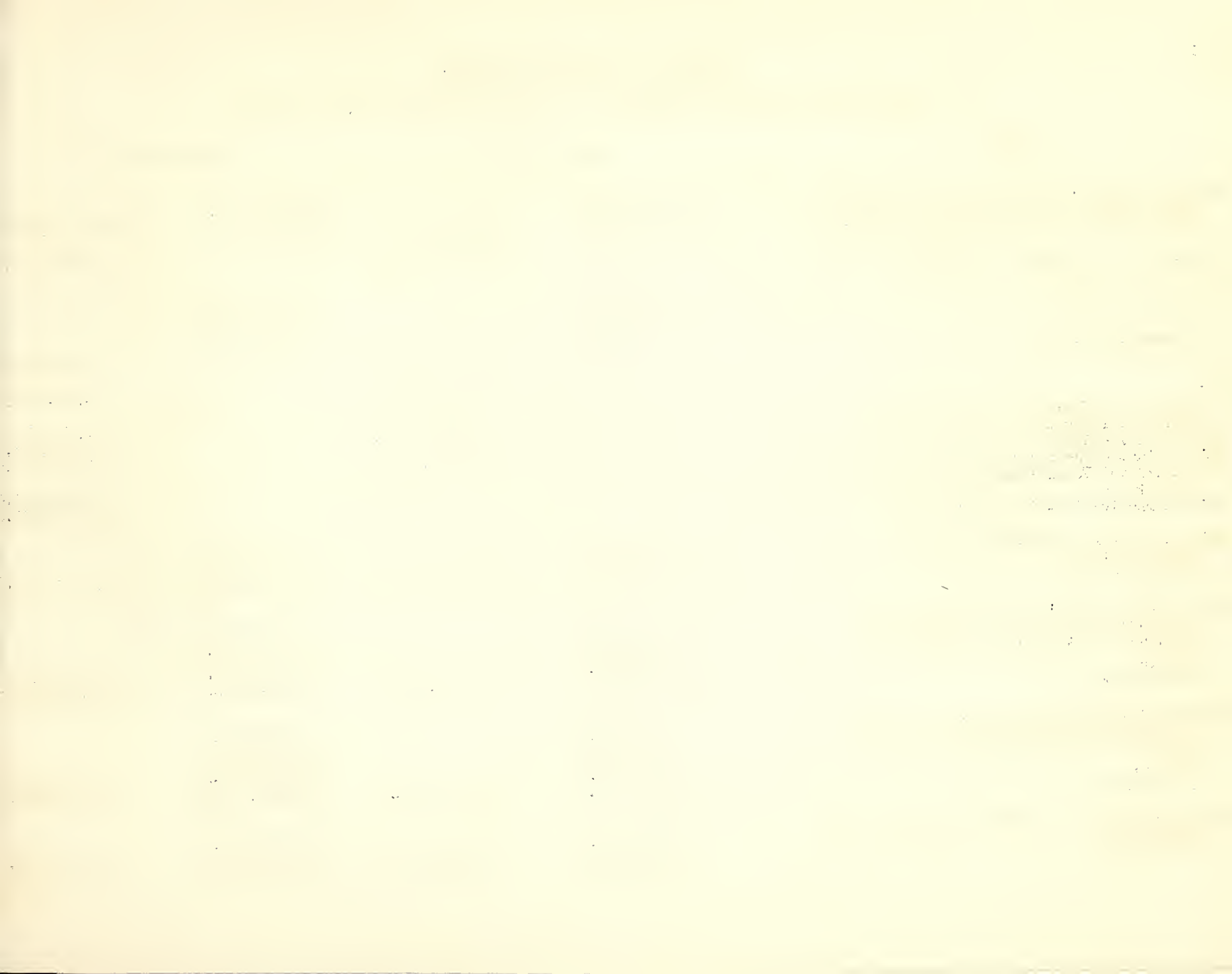
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FEDERAL FARM MORTGAGE CORPORATION

Comparative statements of condition, as of June 30, 1940 and June 30, 1939

<u>ASSETS</u>	<u>June 30, 1940</u>		<u>June 30, 1939</u>	
Mortgage loans:				
First mortgage loans (unmatured principal)	\$244,512,154.20		\$257,939,558.05	
Second mortgage loans (unmatured principal)	413,152,050.18	\$657,664,204.38	446,262,922.93	\$704,192,480.98
Purchase money mortgages, contracts and notes		11,341,002.38		6,561,339.15
Unmatured extensions	6,798,373.84		12,828,092.83	
Less reserve	6,798,373.84	-	12,828,092.83	-
Delinquent installments, advances, etc.	18,585,158.71		20,297,126.25	
Less reserve	7,251,812.62	11,333,346.09	6,153,130.17	14,143,996.08
Cash		29,401,347.45		72,453,674.07
Due from the Secretary of the Treasury -				
Interest reduction		1,419,190.82		1,526,402.91
Accounts receivable		278,573.21		839,203.35
Consolidated Federal farm loan bonds (par)		761,129,840.00		761,129,840.00
Consolidated Federal intermediate credit bank debentures		796,404.40		3,928,611.45
Notes receivable - Federal land banks		-		14,900,000.00
Accrued interest receivable (not due):				
Mortgage loans	10,810,109.06		11,664,737.91	
Investments	6,829,630.16	17,639,729.22	6,922,745.17	18,587,483.08
Real estate owned:				
Not subject to prior liens (investment)	15,024,990.27		12,168,016.81	
Subject to prior liens (net investment)	7,064,826.21		7,495,998.88	
Total	22,089,816.48		19,664,015.69	
Less reserve	13,235,615.06	8,854,201.42	11,603,207.06	8,060,808.63
Sheriffs' certificates, etc.:				
Not subject to prior liens (investment)	3,737,626.63		5,919,711.99	
Subject to prior liens (net investment)	2,562,618.05		4,486,235.45	
Total	5,300,244.68		10,405,947.44	
Less reserve	3,636,522.09	1,663,722.59	6,680,736.17	3,725,211.27
Loans called for foreclosure, judgments, etc. (investment)	6,199,330.16		12,502,938.79	
Less reserve	4,393,989.55	1,805,390.61	8,213,141.96	4,289,796.83

FEDERAL FARM MORTGAGE CORPORATION

Comparative statements of condition, as of June 30, 1940 and June 30, 1939 - continued

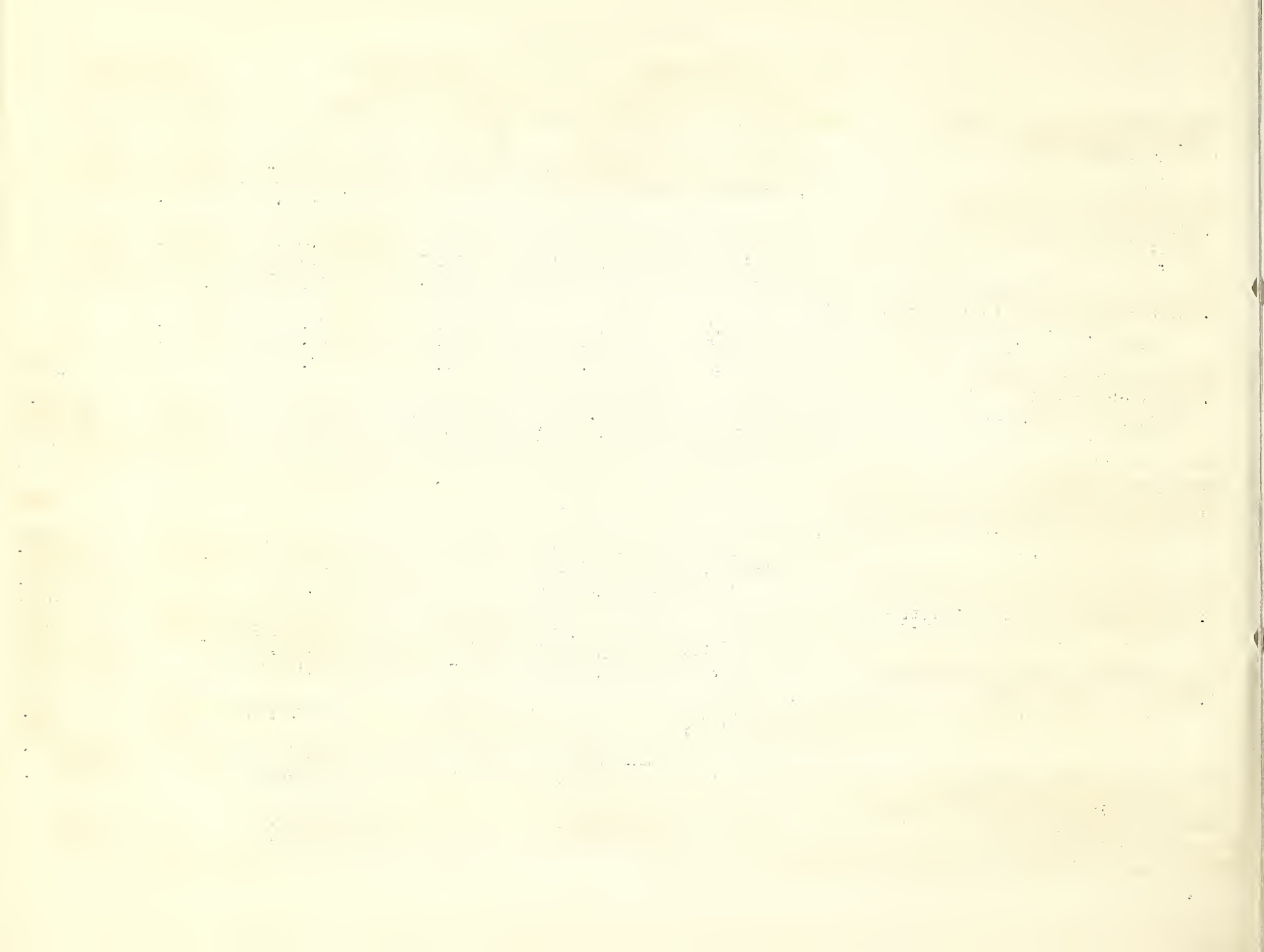
<u>ASSETS</u>	<u>June 30, 1940</u>	<u>June 30, 1939</u>
Loans in suspense:		
Prior liens in foreclosure (investment).....	\$3,446,976.96	\$6,243,886.00
Payments postponed by agreement (investment).....	15,948,818.36	-
Total.....	19,395,795.32	6,243,886.00
Less reserve.....	19,395,795.32	6,243,886.00
Chattels owned (investment).....	6,325.54	3,562.55
Less reserve.....	6,325.54	3,562.55
Unamortized discount on bonds sold.....	\$252,171.54	\$353,813.62
Other assets.....	117,841.73	105,935.84
Total assets.....	<u>\$1,503,696,965.84</u>	<u>\$1,613,798,597.26</u>
 <u>LIABILITIES</u>		
Federal Farm Mortgage Corporation bonds outstanding.....	\$1,269,387,900.00	\$1,379,409,900.00
Accrued interest on Federal Farm Mortgage Corporation bonds.....	3,323,955.92	3,845,190.92
Deferred proceeds of loans.....	926,770.17	376,534.26
Accounts payable.....	835,067.78	901,820.74
Matured items on prior liens not assumed.....	971,107.25	1,259,767.40
Payments received on unmatured items.....	478,171.00	910,667.31
Other liabilities.....	2,637,316.13	2,212,711.40
Unamortized premium on bonds sold.....	638,934.42	914,602.38
Reserve for title losses.....	234,207.05	273,813.33
Capital stock.....	300,000,000.00	200,000,000.00
Reserve for losses on mortgage loans, purchase money mortgages, and real estate sales contracts.....	19,163,536.62	18,693,589.52
Total liabilities.....	<u>\$1,503,696,965.84</u>	<u>\$1,613,798,597.26</u>

SELECTED COMPARATIVE DATA

4

	12 months ended June 30, 1938		12 months ended June 30, 1939		12 months ended June 30, 1940	
	Number	Amount	Number	Amount	Number	Amount
1. <u>Loans outstanding, end of period</u>						
First mortgage loans	191,992	\$290,484,347	186,870	\$262,098,800	184,792	\$247,754,655
Second mortgage loans	260,627	495,583,821	255,421	455,523,244	248,914	421,095,558
Total	452,619	\$786,068,168	442,291	\$717,622,044	433,706	\$668,850,213
2. <u>Loans delinquent, end of period</u>						
First mortgage loans	44,967	\$82,204,213	42,710	\$73,909,080	34,327	\$59,838,602
Second mortgage loans	73,010	152,655,903	77,906	157,644,642	65,635	127,490,296
Total	117,977	\$234,860,116	120,616	\$231,553,722	99,962	\$187,328,898
3. <u>Percent of loans delinquent, end of period</u>						
First mortgage loans	23.4	28.3	22.9	28.2	18.6	24.2
Second mortgage loans	28.0	30.8	30.5	34.6	26.4	30.3
Total	26.1	29.9	27.3	32.3	23.0	28.0
4. <u>Loans closed during period</u>						
First mortgage loans	7,028	\$10,753,670	5,725	\$8,696,834	5,971	\$9,133,225
Second mortgage loans	12,337	22,638,575	11,003	19,250,425	12,095	21,118,146
Total	19,365	\$33,392,245	16,728	\$27,947,259	18,066	\$30,251,371
5. <u>Loans reamortized</u>	338	\$788,961	17,819	\$46,982,197	101,255	\$178,676,843
6. <u>Repayments of loans a/</u>	xx	52,032,030	xx	62,818,009	xx	61,340,273
7. <u>Real estate and sheriffs' certificates on hand, end of period</u>						
Prior liens	7,169	\$30,496,151	10,227	\$42,359,172	8,537	\$36,643,272
Net		10,152,673	Prior liens	12,209,209	Prior liens	9,253,211
		\$20,343,478	Net	\$30,069,963	Net	\$27,390,061
8. <u>Real estate and sheriffs' certificates acquired during period</u>						
Prior liens	5,635	\$21,447,346	8,080	\$33,553,381	4,899	\$23,342,974
Net		7,421,785	Prior liens	11,424,676	Prior liens	8,022,797
		\$14,025,561	Net	\$22,128,705	Net	\$15,320,177
9. <u>Real estate and sheriffs' certificates disposed of during period</u>						
Prior liens	2,485	\$9,674,715	5,021	\$22,754,416	6,587	\$29,959,582
Net	209	3,533,536	384	8,643,609	386	10,083,195
		\$6,141,179	Prior liens	\$14,110,807	Prior liens	\$19,876,387
			Net		Net	
0. <u>Loss on real estate and sheriffs' certificates disposed of during period</u>	xx	\$2,196,592	xx	\$6,665,208	xx	\$8,900,719
1. <u>Loss on loans during period</u>	xx	3,158,765	xx	6,922,908	xx	5,046,357
Total 10 and 11	xx	\$5,355,357	xx	\$13,588,116	xx	\$13,947,076

/ Includes loans paid in full and principal payments.



FEDERAL FARM MORTGAGE CORPORATION

JUSTIFICATION OF ESTIMATE FOR 1942

Administrative Expenses a/

Appropriation Act, 1941	\$7,000,000
Second Deficiency Act, 1941	<u>1,700,000</u>
Total available, 1941	8,700,000
Budget Estimate, 1942	<u>8,350,000</u>
Decrease	<u>\$350,000</u>

a/ To be paid from funds of the Federal Farm Mortgage Corporation.

Work under this appropriation

The work of the Corporation is performed by the officers and employees of other agencies authorized by law to make their services and facilities available to the Corporation. The expenses of the Corporation, therefore, are incurred originally by the agencies performing services for the Corporation. Services are performed for the Corporation by the Farm Credit Administration, Washington, D. C.; the twelve Federal land banks, one in each Farm Credit District; the United States Treasury Department; the Federal reserve banks; and the Bureau of Agricultural Economics, Department of Agriculture. The Corporation reimburses each of these agencies for the services they render. It is estimated that \$8,350,000 of the funds of the Federal Farm Mortgage Corporation will be required during the fiscal year 1942 to reimburse the respective organizations for expenses incurred in connection with services performed for the Corporation.

There follows a summarization of the estimates of the amount of expenses to be incurred by the various offices and agencies in performing services for the Corporation:

1. Federal land banks. The Federal land banks as agents of the Federal Farm Mortgage Corporation make and service Land Bank Commissioner loans, service and sell Corporation owned real estate and in general handle for the Corporation all of its loan and related business. It is estimated that the cost of such services will be

\$7,204,271

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2. Farm Credit Administration, Washington, D. C. The administration in Washington through its personnel and facilities furnishes legal advice, statistical and research information, maintains the Corporation's Central Office accounting records, audits its vouchers prior to disbursement, exercises supervision over the Federal land banks in the making and servicing of the Corporation's loan business and serves in other advisory or administrative capacities. The cost of such services is estimated at \$901,129

3. United States Treasury Department

Bureau of Engraving and Printing. The bonds of the Corporation are prepared by the Bureau of Engraving and Printing. It is estimated that the cost of preparing and issuing new bonds by the Bureau of Engraving and Printing will be 25,000

Public Debt Service. The Public Debt Service receives Corporation bonds from the Bureau of Engraving and Printing and retains custody of them until shipped to Federal reserve banks for issuance; maintains records concerning outstanding Corporation bonds and unissued coupon bonds in the hands of Federal reserve banks; audits the accounts of the Federal reserve banks with respect to the issuance of Corporation bonds; handles bond exchange transactions and maintains proper records in connection therewith; and audits canceled securities. The estimated cost of these services is 60,000

Treasurer of the United States. The Treasurer of the United States acts as custodian for securities owned by the Corporation; acts as depository for the cash of the Corporation; redeems the bonds and interest coupons when matured, and issues and pays checks on the basis of certificates of the Public Debt Service for interest on registered bonds. The cost of these services is estimated at 12,500

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1. The first part of the paper is devoted to a general discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the atom.

2. In the second part of the paper, the author discusses the results of his calculations. It is shown that the results are in good agreement with the experimental data.

3. In the third part of the paper, the author discusses the results of his calculations. It is shown that the results are in good agreement with the experimental data.

4. In the fourth part of the paper, the author discusses the results of his calculations. It is shown that the results are in good agreement with the experimental data.

4. Federal reserve banks. The Federal reserve banks as fiscal agents of the United States maintain stocks of unissued Federal Farm Mortgage Corporation coupon bonds for the purpose of making denominational exchange. They also receive subscriptions to purchase Corporation bonds when they are publicly offered and make delivery of the bonds and collect the proceeds of the sales for the account of the Corporation. They also pay, when presented, matured interest coupons and bonds of the Corporation for which they are reimbursed from Corporation funds on deposit with the Treasurer of the United States. The cost of services to be performed by the Federal reserve banks is estimated at \$95,000

5. Bureau of Agricultural Economics, Department of Agriculture. The Bureau of Agricultural Economics of the Department of Agriculture renders services to the Mortgage Corporation in the formulating of programs for the better adaptation of farm mortgage loans to the requirements of sound land use and agricultural adjustment in various states and localities. The cost of the services of the Bureau of Agricultural Economics in this connection for the year 1942 is estimated at 50,000

6. Miscellaneous general. It is estimated that there will be miscellaneous expenses to be paid by the Corporation to others than the agencies enumerated in the amount of 2,100

Total estimated administrative expenses

\$8,350,000

Amelanchier

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